

# BUREAU OF LABOR STATISTICS **Import/Export Price Indexes**

## **How the Bureau of Labor Statistics Measures Price Change for Inbound Ocean Liner Freight in the U.S. Import/Export Price Indexes**

The Bureau of Labor Statistics (BLS) Inbound Ocean Liner Freight Index measures changes in ocean liner freight rates for shipments to the United States. The ocean liner freight index has been published on a quarterly basis since 1990. Other international transportation services price indexes published by BLS include those for air passenger fares, air freight, and crude oil tanker freight.

The Inbound Ocean Liner Freight Index reflects changes in rates paid for the transportation of freight from foreign countries into the U.S. on ocean liner vessels regardless of the nationality of either the shipper or the vessel operator/owner. Ocean liner vessels operate by definition via regular schedules. They differ from tramp and tanker ocean shipping services in that these latter vessels operate irregular schedules determined by negotiation between shipper and ship owner and generally carry bulk goods and liquid commodities, respectively. BLS only measures inbound container loads.

The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) is a primary user of the Inbound Ocean Liner Freight Index. BEA uses the index to adjust the Balance of Payments Accounts and to deflate the Gross Domestic Product.

### **Sample Design and Selection**

BLS uses the U.S. Maritime Administration's TM381 file as the sampling source for the Inbound Ocean Liner Freight Index. The data contained in this file include: date of entry,

U.S. port of entry, foreign port, vessel name, shipping weight, operator, service type, commodity type, and customs value.

A sample of company-routes representative of inbound ocean liner freight transportation is selected by probability methods from the TM381 file. A company-route consists of a vessel transporting freight between the city of origin and its U.S. destination. Each ocean liner freight item in the index is defined by the following characteristics: service route, commodity type, container size, type of rate (service contract or tariff), and applicable surcharges.

### **Pricing**

Pricing data for the Inbound Ocean Liner Freight Index are obtained directly from ocean liner freight operators on a quarterly basis, reflecting transaction prices for the first week of March, June, September, and December. The index uses a net freight rate, adjusted by applicable commissions, discounts, or surcharges. For example, the shipping rate for a 20-foot container load of tires from Kyoto, Japan, to Long Beach, CA, might include a bunker adjustment factor, origin receiving charges, destination delivery charges, and a peak season surcharge.

BLS collects both service contract and tariff rates in proportion to their representation in the market. The deregulation of the ocean liner freight industry according to the terms of the Ocean Shipping Reform Act of 1998 resulted in a predominance of contract rates in ocean

liner freight transactions. Contract rates represent the predominance of ocean liner freight transactions. Tariff rates are used in a much smaller proportion and are frequently used to link accessorial charges, surcharges, and other rules within the individual service contracts.

The scope of the service measured is ocean transportation from port to port only. The shipping rate does not include ground transportation or port service.

### **Trade Value**

The revenue weights used for the trade value for index calculation are derived from a regression analysis of data from the Maritime Administration's TM381 file. The weights are updated every five years. This index currently is based on year 2000 trade values.

### **Additional Information**

Additional information on the U.S. Import/Export Price Indexes can be found in "International Price Indexes," BLS Handbook of Methods, Bulletin 2490 (Bureau of Labor Statistics, 1997), Chapter 15. This chapter also is available on the BLS Internet site (<http://www.bls.gov/mxp>) under the topic "Publications." You may contact the International Price Program of the BLS by telephone at (202) 691-7101 or by e-mail at [mxpinfo@bls.gov](mailto:mxpinfo@bls.gov).

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